

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6921**

**BILL NUMBER:** HB 1162

**NOTE PREPARED:** Jan 8, 2014

**BILL AMENDED:**

**SUBJECT:** Competitive Procurement for Utilities.

**FIRST AUTHOR:** Rep. Braun

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill requires the Utility Regulatory Commission (IURC), before granting an application for a certificate of public convenience and necessity, to find that the applicant used a request for proposal process that affords open and competitive bidding.

**Effective Date:** July 1, 2014.

**Explanation of State Expenditures:** *Indiana Utility Regulatory Commission (IURC):* This bill requires the IURC to adopt guidelines in order to determine whether a request for proposal process affords open and competitive bidding. The requirements of the bill could likely be accomplished within existing resources, but any increase in administrative costs to the IURC will be offset by public utility fees.

The operating budget of the IURC is funded by regulated utilities operating in Indiana. The IURC determines the rate at which to bill the utilities based on the agency's budget, less reversions, divided by the total amount of gross intra-state operating revenue received by the regulated utilities for the previous fiscal year. Based on this formula, utilities are currently billed approximately 0.12% of their gross intra-state operating revenues to fund the IURC.

*State and Local Utility Expenditures:* Expenditures by state and local agencies for utilities could decrease to the extent that the bill's requirements lead to decreases in utility rates. The overall impact on expenditures is indeterminable.

**Explanation of State Revenues:** *Utility Rates:* To the extent that utility rates decrease as a result of this bill, there would be a decrease in Sales Tax, Utility Receipts Tax (URT), and Utility Services Use Tax (USUT)

collections.

The rate for both the URT and USUT is 1.4%. The URT is calculated on the gross receipts of all entities providing the retail sale of utility services in Indiana. The USUT is imposed on the retail consumption of utility services in Indiana. Both the URT and USUT are deposited in the state General Fund. Sales tax revenue is deposited in the state General Fund (98.848%), the Motor Vehicle Highway Account (1%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%).

**Explanation of Local Expenditures:** See *Explanation of State Expenditures*.

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Utility Regulatory Commission; All.

**Local Agencies Affected:** All.

**Information Sources:**

**Fiscal Analyst:** Jessica Harmon, 317-232-9854.